

TOWN OF JEAN LAFITTE, LOUISIANA
FINANCIAL REPORT

For the Year Ended
June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 08 2012** _____

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Timothy Kerner, Mayor and
Members of the Council
Town of Jean Lafitte, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Town of Jean Lafitte's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Jean Lafitte, Louisiana. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, Louisiana as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Town of Jean Lafitte adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ending June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011 on our consideration of the Town of Jean Lafitte's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the result of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 8 and page 28, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jean Lafitte's basic financial statements. The supplemental schedule on page 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is also not a required part of the basic financial statements. The supplemental schedule of Council's Per Diem on page 30 and the accompanying Schedule of Expenditures of Federal Awards on page 35 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Carr, Riggs & Ingram, LLC

December 14, 2011

REQUIRED SUPPLEMENTARY INFORMATION - PART I

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

The Management's Discussion and Analysis is intended to provide readers of the Town of Jean Lafitte's (the "Town") financial report with an overview and analysis of the financial activities of the Town for the year ended June 30, 2011. It should be read in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at June 30, 2011 by \$17,530,852.
- The Town's total net assets increased by \$961,147. Most of this increase is attributable to an increase in State operating grant revenue and temporary sales tax revenues indirectly generated from the BP oil spill for the year ended June 30, 2011.
- At June 30, 2011, the Town's governmental funds reported an ending fund balance of \$576,411, a decrease of \$416,416 from the prior year. The portion of the fund balance that is available for spending at the Town's discretion is \$501,403.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis serves as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Also included in the report is required supplementary information.

Government-wide financial statements. The government-wide financial statements report information about the overall finances of the Town similar to a business enterprise. The statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The Statement of Net Assets presents information on the Town's assets less liabilities which results in net assets. The statement is designed to display the financial position of the Town. Over time, increases or decreases in net assets help determine whether the Town's financial position is improving or deteriorating.

The Statement of Activities provides information showing how the Town's net assets changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the Town that are financed primarily by taxes, intergovernmental revenues, and charges for services. The Town's governmental activities include general government, public safety, public works, and culture and recreation.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The Town uses fund accounting to ensure and demonstrate fiscal accountability. The Town uses governmental fund financial statements to provide more detailed information about the Town's funds.

Governmental funds. Governmental funds are used to report the Town's basic services. The funds focus on the inflows and outflows of current resources and the balances of spendable resources available at the end of the fiscal year. Governmental fund statements provide a near-or-short-term view of the Town's operations. A reconciliation is prepared of the governmental funds Balance Sheet to the Statement of Net Assets and the Statement of Revenues, Expenditures, and Changes in Fund Balances of the governmental funds to the Statement of Activities.

The Town maintains two governmental funds, the General Fund and the Capital Projects Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for these funds.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for this fund in the Required Supplementary Information-Part II Section.

As described in Note 1 to the financial statements, the Town of Jean Lafitte adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ending June 30, 2011.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. The following table reflects condensed information on the Town's net assets.

	Net Assets	
	Governmental Activities	
	June 30,	
	<u>2011</u>	<u>2010</u>
Current assets	\$ 806,874	\$ 1,403,059
Capital assets	<u>17,219,164</u>	<u>16,053,284</u>
Total assets	<u>18,026,038</u>	<u>16,914,278</u>
Current liabilities	230,463	410,232
Noncurrent liabilities	<u>264,723</u>	<u>476,406</u>
Total liabilities	<u>495,186</u>	<u>886,638</u>
Net Assets		
Invested in capital assets, net of related debt	17,219,164	16,053,284
Unrestricted		
Designated for capital projects	1,130,545	900,000
Undesignated	<u>(818,857)</u>	<u>(383,579)</u>
Total net assets	<u>\$ 17,530,852</u>	<u>\$ 16,569,705</u>

The amount "invested in capital assets, net of related debt" represents the Town's net book value of its capital assets. It is the accumulation of the town's investments in capital assets. These assets are not available for spending. The remaining fund balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011

Changes in net assets. The following table reflects condensed information on the Town's revenues and expenses.

Changes in Net Assets Governmental Activities June 30,		
	<u>2011</u>	<u>2010</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,738,012	\$ 1,516,144
Operating grants and contributions	613,602	2,030,419
Capital grants and contributions	500,552	3,659,061
General revenues:		
Taxes	182,797	172,965
Unrestricted investment earnings	637	196
Insurance proceeds	12,270	19,953
CDL forgiveness	<u>182,584</u>	<u>-</u>
Total revenues	<u>4,230,454</u>	<u>7,398,738</u>
Expenses		
General government	2,556,288	1,929,226
Public safety	78,369	72,207
Public works	223,233	1,309,405
Culture and recreation	391,393	290,173
Capital outlay	-	69,927
Interest on long-term debt	<u>20,024</u>	<u>6,403</u>
Total expenses	<u>3,269,307</u>	<u>3,677,341</u>
Change in net assets	961,147	3,721,397
Net assets - beginning	<u>16,569,705</u>	<u>12,848,308</u>
Net assets - ending	<u>\$ 17,530,852</u>	<u>\$ 16,569,705</u>

Total revenues decreased by approximately 43% from the previous year mainly due to a decrease in operating and capital grants and contributions received in the current year. Overall expenses decreased by approximately 11% for the current year from the previous year, due to prior year oil spill clean-up expenses that were not incurred in the current year.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011

BUDGETARY HIGHLIGHTS

The Town's general fund actual revenues were over budget by approximately \$125,086 or 4%. This is principally due to rental income revenues being more than anticipated. The Town's general fund actual expenditures were under budget by approximately \$679,553 or 20%. This is principally due to an increase of capital asset expenditures transferred from the general fund to the capital project fund.

CAPITAL ASSETS

The following table reflects the Town's investment in capital assets, net of depreciation, as of June 30, 2011.

	Capital Assets Governmental Activities June 30,	
	<u>2011</u>	<u>2010</u>
Land	\$ 648,985	\$ 605,985
Land improvements	124,518	133,227
Buildings	12,265,050	11,896,924
Building improvements	434,006	438,634
Furniture, fixtures, and equipment	123,599	93,399
Vehicles and heavy equipment	215,722	54,401
Construction in progress	2,308,840	2,830,714
Road system	<u>1,098,444</u>	<u>-</u>
Total capital assets	<u>\$ 17,219,164</u>	<u>\$ 16,053,284</u>

The majority of the capital additions for the year were for buildings and construction in progress as the Town continues to make capital improvements for drainage pumping stations and finish the construction of the Multi-Purpose building, the Auditorium, and the Storage building. Depreciation expense for the year ended June 30, 2011 was \$464,039, as compared to \$325,017 for the year ended June 30, 2010.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011

ECONOMIC OUTLOOK

In April of 2010, the Deep Water Horizon BP oil spill occurred, and as a result the Town was able to collect additional rental revenues in the fiscal year 2011, by renting certain buildings and equipment to the clean up and recovery efforts. However, such additional revenue from the BP oil spill has decreased and is expected to continue to significantly decline in the fiscal year 2012. In September of 2008, the Town suffered extensive damage from Hurricane Ike and, as such, the Town was declared a Federal Disaster Area. The storm caused major flooding throughout the Town and damaged many of the Town's fixed assets. The Town expended the necessary funds to repair these assets and continues to obtain reimbursement for most of the cost of the repairs from State and Federal grants, as well as from insurance proceeds.

Aside from Deep Water Horizon BP oil spill and the Hurricane Ike recovery efforts, the Town is continuing its program of drainage improvements and construction projects, most of which are being funded through State grants. These construction projects include a lighthouse and observation tower, an auditorium, a multi-purpose building, and various street drainage projects.

FURTHER INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Town Clerk at 2654 Jean Lafitte Blvd., Lafitte, LA 70067 or call (504) 689-2208 during office hours.

BASIC FINANCIAL STATEMENTS

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 256,644
Investments	141,375
Receivables:	
Sales taxes	19,334
Franchise fees	16,576
Intergovernmental	239,204
Miscellaneous	58,733
Prepays	75,008
Total current assets	<u>806,874</u>
Capital assets (net of accumulated depreciation)	<u>17,219,164</u>
Total assets	<u>18,026,038</u>
LIABILITIES	
Current liabilities:	
Accounts payable	222,963
Deferred revenues	7,500
Total current liabilities	<u>230,463</u>
Noncurrent liabilities:	
CDL payable	247,423
Accrued interest payable	17,300
Total noncurrent liabilities	<u>264,723</u>
Total liabilities	<u>495,186</u>
NET ASSETS	
Invested in capital assets, net of related debt	17,219,164
Unrestricted:	
Undesignated	(818,857)
Designated for capital projects	<u>1,130,545</u>
Total net assets	<u><u>\$ 17,530,852</u></u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 2,556,288	\$ 2,468,400	\$ 198,065	\$ -	\$ 110,177
Public safety	78,369	13,536	67,766	25,000	27,933
Public works	223,233	-	315,983	475,552	568,302
Culture and recreation	391,393	256,076	31,788	-	(103,529)
Interest expense	20,024	-	-	-	(20,024)
Total governmental activities	<u>\$ 3,269,307</u>	<u>\$ 2,738,012</u>	<u>\$ 613,602</u>	<u>\$ 500,552</u>	<u>582,859</u>
General Revenues:					
Taxes:					
Sales					
					118,027
Beer & Tobacco					2,075
Franchise					62,695
Unrestricted investment earnings					637
Insurance proceeds					12,270
CDL forgiveness					182,584
Total general revenues					<u>378,288</u>
Change in net assets					961,147
Net assets - beginning of fiscal year					<u>16,569,705</u>
Net assets - end of fiscal year					<u>\$ 17,530,852</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF JEAN LAFITTE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	\$ 256,644	\$ -	\$ 256,644
Investments	141,375	-	141,375
Receivables:			
Sales taxes	19,334	-	19,334
Franchise fees	16,576	-	16,576
Intergovernmental	239,204	-	239,204
Miscellaneous	58,733	-	58,733
Due from other fund	3,304,471	-	3,304,471
Prepays	75,008	-	75,008
Total assets	<u>\$ 4,111,345</u>	<u>\$ -</u>	<u>\$ 4,111,345</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 222,963	\$ -	\$ 222,963
Due to other fund	-	3,304,471	3,304,471
Deferred revenues	7,500	-	7,500
Total liabilities	<u>230,463</u>	<u>3,304,471</u>	<u>3,534,934</u>
Fund Balance:			
Nonspendable	75,008	-	75,008
Committed	1,130,545	-	1,130,545
Unassigned	2,675,329	(3,304,471)	(629,142)
Total fund balance	<u>3,880,882</u>	<u>(3,304,471)</u>	<u>576,411</u>
Total liabilities and fund balance	<u>\$ 4,111,345</u>	<u>\$ -</u>	<u>\$ 4,111,345</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF JEAN LAFITTE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total fund balance at June 30, 2011 - Governmental Funds	\$ 576,411
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the governmental fund.

Capital assets	26,537,384
Less accumulated depreciation	(9,318,220)

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore, are not reported in the funds.

CDL payable	(247,423)
Accrued interest payable	<u>(17,300)</u>

Net assets of governmental activities at June 30, 2011	<u><u>\$ 17,530,852</u></u>
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The notes to the basic financial statements are an integral part of this statement.

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Intergovernmental			
Federal grants	\$ 527,577	\$ -	\$ 527,577
State and local grants	324,364	459,584	783,948
Gaming	426,871	-	426,871
Other revenues	401,360	-	401,360
Taxes	182,797	-	182,797
Licenses and permits	56,226	-	56,226
Rental income	1,650,131	-	1,650,131
Interest	637	-	637
Fines and forfeitures	18,323	-	18,323
	<u>3,588,286</u>	<u>459,584</u>	<u>4,047,870</u>
Total revenues			
	<u>3,588,286</u>	<u>459,584</u>	<u>4,047,870</u>
EXPENDITURES			
Current:			
General government	2,141,970	-	2,141,970
Public safety	66,999	-	66,999
Culture and recreation	334,609	-	334,609
Public works	190,846	-	190,846
Capital outlay	-	1,680,739	1,680,739
Debt service			
Principal	43,652	-	43,652
Interest	5,471	-	5,471
	<u>2,783,547</u>	<u>1,680,739</u>	<u>4,464,286</u>
Total expenditures			
	<u>2,783,547</u>	<u>1,680,739</u>	<u>4,464,286</u>
Excess (Deficiency) of Revenues over Expenditures	804,739	(1,221,155)	(416,416)
Net Change in Fund Balances	<u>804,739</u>	<u>(1,221,155)</u>	<u>(416,416)</u>
Fund balances - beginning of fiscal year	<u>3,076,143</u>	<u>(2,083,316)</u>	<u>992,827</u>
Fund balances - end of fiscal year	<u>\$ 3,880,882</u>	<u>\$ (3,304,471)</u>	<u>\$ 576,411</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF JEAN LAFITTE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ (416,416)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,165,880
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Principal payments	43,652
Interest on long-term debt	(14,553)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

CDL forgiveness	182,584
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Change in net assets of governmental activities	\$ 961,147
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The notes to the basic financial statements are an integral part of this statement.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Jean Lafitte, Louisiana (the "Town") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below:

a) Financial Reporting Entity

The Town of Jean Lafitte was incorporated in 1974 under the provisions of the Lawrason Act. The Town is governed by a Mayor, Council form of government (R.S. 33:321-481).

The Town's major operations include public safety, public works, culture and recreation, and general administrative services. The accompanying financial statements include all government activities, organizations, and functions for which the Town is financially accountable.

b) Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements include the Statement of Net Assets and Statement of Activities for all non-fiduciary activities of the Town. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are financed to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

FUND FINANCIAL STATEMENTS:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) or fund type are normally summarized into a single column. The Town of Jean Lafitte has no nonmajor funds.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

The daily accounts and operations of the Town continue to be organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Town reports only governmental funds of which the following represents the major governmental funds:

The *General Fund* is the principal fund of the Town and is used to account for all activities except those required to be accounted for in other funds.

The *Capital Projects Fund* is used to account for ongoing capital improvement and construction projects.

c) Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Federal and state grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

FUND FINANCIAL STATEMENTS:

All governmental funds are reported using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Accounting and Measurement Focus (Continued)

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the resources will be collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Taxes and fees collected and held by intermediary collecting governments at year end on behalf of the Town are recognized as revenue. Other revenues susceptible to accrual are intergovernmental revenues and franchise fees. Fines, forfeitures, rentals, licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except, principal and interest on general long-term debt, which is not recognized until due. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

d) Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the General Fund. The level of budgetary control is at the line-item level. Expenditures may not exceed appropriations until additional appropriations are provided. Appropriations which are not expended lapse at the end of each fiscal year. The budget for the General Fund is adopted on a basis consistent with GAAP. Budgetary comparisons presented in the accompanying financial statements are on a GAAP basis and include the original budget and all subsequent revisions.

e) Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash includes demand deposits and petty cash. There were no cash equivalents as of June 30, 2011.

Louisiana Revised Statutes, LSA - R.S. 33:2955, authorize the Town to invest in (1) United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investment, or (2) mutual or trust fund institutions which are registered with the

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool. (LAMP), a state sponsored external investment pool. Because these investments are not evidenced by securities that exist in physical or book entry form they are not categorized. LAMP is administered by LAMP, Inc., a corporation organized under the laws of the State of Louisiana. Only local governments may participate in LAMP. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. The dollar weighted average portfolio maturity of LAMP is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of a share in LAMP is the same as the book value (i.e., a share in the pool is always worth \$1.00 per share). Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 31.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded for: (1) sales tax; (2) franchise fees; and (3) intergovernmental revenues. All receivables were considered fully collectible at year-end, therefore, no allowance has been provided.

INVENTORIES AND PREPAIDS ITEMS

The costs of materials and supplies acquired by the governmental funds are recorded as expenditures at the time of purchase. The inventory of such materials and supplies at June 30, 2011 would not be material to the financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These amounts will be expended as their benefit expires.

CAPITAL ASSETS

Capital assets include land, buildings and building improvements, equipment, and infrastructure assets. All assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

In the fund financial statements, capital assets used in governmental activities are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Depreciation on capital assets, excluding land and construction in progress, is calculated on the straight-line method over the following estimated useful lives:

	<u>Estimated Life</u>
Land improvements	20
Buildings	40
Building improvements	20
Furniture, fixtures, and equipment	5 - 12
Vehicles and heavy equipment	5 - 10
Roads	20 - 40

DEFERRED REVENUES

Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Town has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

COMPENSATED ABSENCES

Annual and sick leave is expended when claimed by the employees rather than when earned. Employees may not carry over or accumulate annual or sick leave. Employees are required to use their annual leave during the year following his/her anniversary date of employment. In the opinion of the Town's Administration, the liability due at June 30, 2011 would not be material to the financial statements.

LONG-TERM DEBT

In the government-wide financial statements, long-term debt is reported as a noncurrent liability in the governmental activities Statement of Net Assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, contributors, laws or regulations of other governments or law through constitutional provisions or enabling legislation. All other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted" are reported as unrestricted. Some portions of fund balance in the governmental funds are restricted to indicate that a portion of equity is legally restricted to a specific future use and is not available for appropriation or expenditure. Designated portions of fund balance indicate tentative plans for future use of financial resources.

FUND BALANCE

For the year ending June 30, 2011, the Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental type funds.

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This component includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority which includes the ordinances and resolutions of the Town. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.

Assigned – This component consists of amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Town Council, Mayor, or their designee as established in the Town's Fund Balance Policy.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the government-wide financial statements during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budget

The procedures used by the Town in establishing the budgetary data reflected in the financial statements are as follows:

- 1) Not less than 30 days before the end of the fiscal year, the Mayor recommends to the Council a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

a) Budget (Continued)

- 2) The proposed budget is summarized and advertised and the public notified that the proposed budget is available for inspection and that within 10 days thereafter public hearings are conducted to obtain taxpayer comments.
- 3) The budget is then legally enacted through an ordinance adopted by the Council.
- 4) Any revisions that alter the total expenditures of the General Fund or line item changes within the General Fund must be approved by the Council.

Budgeted amounts are as originally adopted and as finally amended by resolutions or motions of the Council.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2011, the carrying amount of the Town's cash deposits was \$256,644 and the bank balance was \$324,377, all of which was covered by Federal depository insurance or by collateral consisting of securities held by the Town's agent in its name.

Investments held at June 30, 2011 consist of \$141,375 in the Louisiana Asset Management Pool (LAMP), a State of Louisiana sponsored external investment pool.

NOTE 4 - SALES TAX

For the year ended June 30, 2011, the total sales tax levied on purchases within the Town limits was 8 3/4%. Of this amount, the State levies 4%, the Jefferson Parish Public School System levies 1 1/2%, the Jefferson Parish Sheriff's Office levies 1/4%, and the Parish of Jefferson levies the remaining 3%. Sales taxes, except sales tax on motor vehicles which is collected by the State, are collected by the Sheriff of Jefferson Parish, who receives a commission of 11% of the amount collected.

Of the 3% levied by the Parish, 1/2% is remitted to the Jefferson Parish Public School System, 1% is remitted to the Parish for sewer capital and law enforcement, 1/6% is remitted to the Parish for drainage purposes, and the balance (1 1/3%) is remitted to the Town (as an incorporated municipality).

The 1/4% levied by the Sheriff's Office is remitted directly to the Town for law enforcement and is recognized in the General Fund.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 5 - LEASES

The Town entered into a ten year lease agreement beginning January 1, 2002 through December 31, 2011 in which they received an advance payment of \$150,000 for the rental of office space and for the parking of ambulances. Deferred revenue for this transaction has been reported in the financial statements in the amount of \$7,500. The future rental income to be recognized is detailed as follows as of June 30, 2011:

<u>Fiscal Year End</u>	
2012	\$ <u>7,500</u>
Total	\$ <u>7,500</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the governmental funds for the year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>6/30/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2011</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 605,985	\$ 43,000	\$ -	\$ 648,985
Construction in progress	<u>2,830,714</u>	<u>1,165,302</u>	<u>1,687,176</u>	<u>2,308,840</u>
Total capital assets not being depreciated	<u>3,436,699</u>	<u>1,208,302</u>	<u>1,687,176</u>	<u>2,957,825</u>
Capital assets being depreciated:				
Land improvements	201,610	-	-	201,610
Buildings	13,453,889	733,793	-	14,187,682
Building improvements	761,996	26,939	-	788,935
Furniture, fixtures, and equipment	407,804	52,303	-	460,107
Vehicles and heavy equipment	279,998	197,314	-	477,312
Roads	<u>6,365,469</u>	<u>1,098,444</u>	<u>-</u>	<u>7,463,913</u>
Total capital assets being depreciated	<u>21,470,766</u>	<u>2,108,793</u>	<u>-</u>	<u>23,579,559</u>
Less accumulated depreciation	<u>8,854,181</u>	<u>464,039</u>	<u>-</u>	<u>9,318,220</u>
Total capital assets being depreciated, net	<u>12,616,585</u>	<u>1,644,754</u>	<u>-</u>	<u>14,261,339</u>
Total governmental activities capital assets, net	<u>\$ 16,053,284</u>	<u>\$ 2,853,056</u>	<u>\$ 1,687,176</u>	<u>\$ 17,219,164</u>

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Construction in progress consisted of the following projects:

Auditorium	\$ 799,452
Various street drainage projects	731,863
Multi-purpose building	280,462
Generator	196,695
Lafitte storage shed	100,408
Miscellaneous projects	<u>199,960</u>
Total construction in progress	<u>\$ 2,308,840</u>

Depreciation expense was charged to the functions of the governmental activities as follows:

General government	\$ 365,272
Public safety	11,169
Public works	31,816
Culture and recreation	<u>55,782</u>
Total depreciation expense	<u>\$ 464,039</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the Town for the year ended June 30, 2011:

	<u>Balance 6/30/10</u>	<u>Additions</u>	<u>Debt Forgiveness/ Reductions</u>	<u>Balance 6/30/11</u>	<u>Due Within One Year</u>
Governmental Activities					
CDL Loans	\$ 452,523	\$ -	\$ 205,100	\$ 247,423	\$ -
Total Governmental Activities	<u>\$ 452,523</u>	<u>\$ -</u>	<u>\$ 205,100</u>	<u>\$ 247,423</u>	<u>\$ -</u>

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Details of the Town's long-term debt as of June 30, 2011 are as follows:

Community Disaster Loan ("CDL") #2, secured by a pledge of the Town's revenues each fiscal year the note is outstanding, bearing interest at a rate of 1.875%, payable April 2, 2014. \$ 247,423

Total CDL loans \$ 247,423

Community Disaster Loan Forgiveness

In accordance with C.F.R 44 206.366, the Town has completed the steps required in the application process set forth by law and the Federal Emergency Management Agency, to request cancellation of all or part of the Community Disaster Loan ("CDL") #1 totaling \$205,100 granted the Town in 2006 following Hurricane Katrina. The application for cancellation of CDL #1 was approved for partial cancellation in the amount of \$161,448 with interest cancellation of \$21,136 for a total of \$182,584 forgiven. The remaining principal and related interest, related to CDL #1, not cancelled were paid in December 2010.

Based on the loans and pledge agreements with the Federal Emergency Management Agency, the CDL loan #2, payable April 2, 2014, accrues simple interest at 1.875%. The term of the loan is five (5) years expiring in April 2014 and may be extended or cancelled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act. Payments of principal and interest may be deferred until the end of the five year periods.

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Town provides pension benefits for all of its full-time employees through two separate cost-sharing, multiple-employer public employee retirement systems. All full-time Town employees, except some police, are members in the Municipal Employees' Retirement System of the State of Louisiana (the Municipal System). All eligible full-time police are members of the Municipal and State Police Retirement System of Louisiana (the Police System).

The Town's total payroll cost, excluding benefits, was approximately \$1,173,000 for fiscal 2011. Also, police officers receive on-behalf payments of State supplemental pay, which was approximately \$49,000 for fiscal year 2011. These on-behalf payments are recognized as revenues and expenditures in the General Fund. Contributions to these retirement systems were based on participating full-time employee earnings.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 8 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Municipal employees participating in the Municipal System are entitled to a retirement benefit at or after age 60 with 10 years of creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by state legislation. The Municipal System issues a publicly available financial report that includes the financial statements and required supplementary information for the Municipal System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

Police participating in the Police System for at least one year are eligible for normal retirement at or after age 50 with 20 years of creditable service, age 55 with 12 years creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three and one-third percent of the members' average final compensation multiplied by their years of creditable service (not to exceed 100% of average final compensation). The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by State legislation. The Police System issues a publicly available financial report that includes the financial statements and required supplementary information for the Police System. That report may be obtained by writing to the Municipal and State Police Retirement System of Louisiana, 8401 United Plaza Building, Room 235, Baton Rouge, Louisiana 70809.

State legislation has established the obligations of the Town and its employees for contributions at 14.25% and 9.25% of employee earnings, respectively, for the Municipal System, as well as 29% and 7.50% of employee earnings, respectively, for the Police System. The Town's contributions to the Municipal System for the years ending June 30, 2011 and 2010 were approximately \$32,000 and \$20,000, respectively, equal to the required contribution for each year. The Town's contributions to the Police System for the years ending June 30, 2011 and 2010 were approximately \$17,000 and \$8,000, respectively, equal to the required contribution for each year.

NOTE 9 - CONTINGENT LIABILITIES

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and certain natural disasters for which the Town carries property and casualty insurance, subject to stated limitations and deductibles.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

NOTE 10 – CAPITAL PROJECTS FUND BALANCE

The Capital Projects Fund had a deficit balance of (\$3,304,471) at June 30, 2011. This was due to general revenues which had been recorded in the General Fund being used to finance certain capital projects. As these capital projects are completed, funds will be transferred from the General Fund to the Capital Projects Fund to cover the deficit fund balance. At such time, the deficit fund balance will be eliminated.

NOTE 11 – SIGNIFICANT EVENT – BP DEEPWATER HORIZON OIL SPILL

On April 20, 2010, the BP Deepwater Horizon oil drilling platform exploded and sank off the southeastern coast of Louisiana. Oil spewed into the Gulf of Mexico for the next three months. A good amount of this oil spill affected the Louisiana coastline and interior waterways and bayous, including the southern portion of Jefferson Parish, which includes the Town of Jean Lafitte.

The federal response to this disaster also includes provisions for citizens, businesses, and government agencies to recoup “economic losses” resulting from the oil spill. The loss of the use of commercial fishing grounds and the offshore drilling moratorium may have an effect on the local economy, especially if long-term damage is done to the fisheries. To date, the Town has not filed any claims against BP relating to economic losses; however, as the true long-term impact of the oil spill is determined, claims may be made in the future.

NOTE 12 – SUBSEQUENT EVENT

Subsequent events have been evaluated through December 14, 2011, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2011
(UNAUDITED)

	<u>Actual Amounts</u>	<u>Budgeted Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
		<u>Original</u>	<u>Final</u>	
REVENUES				
Taxes	\$ 182,797	\$ 150,000	\$ 185,500	\$ (2,703)
Licenses and permits	56,226	45,000	52,500	3,726
Rental income	1,650,131	300,000	1,650,000	131
Fines and forfeitures	18,323	8,000	10,000	8,323
Gaming	426,871	433,000	428,500	(1,629)
Intergovernmental	851,941	2,326,950	739,700	112,241
Interest	637	300	1,000	(363)
Other revenues	401,360	143,000	396,000	5,360
Total revenues	<u>3,588,286</u>	<u>3,406,250</u>	<u>3,463,200</u>	<u>125,086</u>
EXPENDITURES				
Current:				
General government	2,476,579	1,136,025	1,295,359	(1,181,220)
Public safety	257,845	2,270,225	2,167,741	1,909,896
Debt service				
Principal	43,652	-	-	(43,652)
Interest	5,471	-	-	(5,471)
Total expenditures	<u>2,783,547</u>	<u>3,406,250</u>	<u>3,463,100</u>	<u>679,553</u>
Excess (deficiency) of revenue over expenditures	<u>804,739</u>	<u>-</u>	<u>100</u>	<u>804,639</u>
Net Change in Fund Balance	804,739	-	100	804,639
Fund balance - beginning	<u>3,076,143</u>	<u>3,076,143</u>	<u>3,076,143</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,880,882</u>	<u>\$ 3,076,143</u>	<u>\$ 3,076,243</u>	<u>\$ 804,639</u>

The notes to the Required Supplementary Information are an integral part of this schedule.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Formal budgetary accounting is employed as a management control device during the year for the General Fund. The level of budgetary control is at the line-item level. Expenditures may not exceed appropriations until additional appropriations are provided. Appropriations which are not expended lapse at the end of each fiscal year. The budget for the General Fund is adopted on a basis consistent with GAAP. Budgetary comparisons presented in the accompanying financial statements are on a GAAP basis and include the original budget and all subsequent revisions.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF COUNCIL'S COMPENSATION
For the Year Ended June 30, 2011

	<u>Amount</u>
Barry Bartholomew	\$ 6,050
Christy Creppel	6,075
Shirley Guillic	6,050
Calvin LeBeau	6,075
Verna Smith	<u>6,075</u>
 TOTAL COUNCIL COMPENSATION	 <u>\$ 30,325</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Honorable Timothy Kerner, Mayor and
Members of the Council
Town of Jean Lafitte, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, as of and for the year ended June 30, 2011, which collectively comprise the Town of Jean Lafitte's basic financial statements and have issued our report thereon dated December 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Jean Lafitte's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jean Lafitte's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Jean Lafitte's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in

internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jean Lafitte's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Council, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, LLC

December 14, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Timothy Kerner, Mayor and
Members of the Council
Town of Jean Lafitte, Louisiana

Compliance

We have audited the compliance of the Town of Jean Lafitte (the "Town"), State of Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2011. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information of the Administration of the Town of Jean Lafitte, the Town Council, the State of Louisiana, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, LLC

December 14, 2011

**TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
DEPARTMENT OF JUSTICE		
Passed Through Louisiana Commission Law Enforcement:		
Recovery Act - Justice Assistance Grant	16.803	\$ 30,759
TOTAL DEPARTMENT OF JUSTICE		<u>\$ 30,759</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Passed through Louisiana Office of Emergency Preparedness:		
Disaster # 1792 Relief (Hurricane Ike)	97.036	\$ 184,291
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY		<u>\$ 184,291</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through Louisiana Office of Community Development		
Community Development Block Grant	* 14.228	\$ 263,039
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>\$ 263,039</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Louisiana Workforce Commission		
Community Services Block Grant - ARRA	93.710	\$ 31,788
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>\$ 31,788</u>
DEPARTMENT OF TRANSPORTATION		
Passed through Louisiana Department of Transportation and Development		
Highway Planning and Construction - ARRA	20.205	\$ 3,550
Alcohol Open Container Requirements	20.607	14,150
TOTAL DEPARTMENT OF TRANSPORTATION		<u>\$ 17,700</u>
TOTAL FEDERAL FINANCIAL EXPENDITURES		<u>\$ 527,577</u>

* This program is considered to be a major program under OMB Circular A-133.

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Town has met the qualifications for the respective grants. Several programs are funded jointly by State of Louisiana appropriations and federal funds. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

ACCRUED AND DEFERRED REIMBURSEMENT

Various reimbursement procedures are used for federal awards received by the Town. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

PAYMENTS TO SUBRECIPIENTS

The Town did not make any payments to subrecipients for the year ended June 30, 2011.

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Jean Lafitte, Louisiana.
2. No significant deficiencies in internal control over financial reporting are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Jean Lafitte, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the Town of Jean Lafitte expresses an unqualified opinion on all major federal programs.
6. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The following program was identified as a major program:

<u>CFDA Number</u>	<u>Name of Federal Program (or Cluster)</u>
14.228	Community Development Block Grant

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Jean Lafitte did qualify as a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2011.

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**TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to financial statements for the year ended June 30, 2011.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM
AUDIT**

There were no findings related to federal awards for the year ended June 30, 2011.

TOWN OF JEAN LAFITTE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS
For the Year Ended June 30, 2011

FINDINGS - FINANCIAL STATEMENT AUDIT

N/A.

MANAGEMENT LETTER

N/A.

**TOWN OF JEAN LAFITTE, LOUISIANA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2011**

There were no findings for the year ended June 30, 2011; therefore, a corrective action plan is not required.